

ORIGINAL

OPEN MEETING

MEMORANDUM



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2006 MAR 21 P 3: 04

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: March 21, 2006

RE: IN THE MATTER OF THE APPLICATION OF QWEST CORPORATION FOR APPROVAL TO REVISE QWEST CORPORATION'S EXCHANGE AND NETWORK SERVICES PRICE CAP TARIFF TO INTRODUCE 811 SERVICE (DOCKET NO. T-01051B-05-0628)

On August 29, 2005, Qwest Corporation ("Qwest") filed tariff revisions to introduce 811 Service. The Federal Communications Commission ("FCC") has designated 811 as the national abbreviated dialing code to be used by state One Call notification systems for providing advance notice of excavation activities to underground facility operators.¹ The service provides for the translation of "811" to a toll free or local telephone number so that the call can be routed to the appropriate One Call notification center. Because the calls are routed to a toll free or local telephone number, toll charges will not be assessed to the caller. On September 30, 2005, the Commission, in Decision No. 68181, suspended the filing for a period of ninety days. The Commission suspended the filing for an additional period of 120 days on December 9, 2005 in Decision No. 68332.

The proposed non-recurring charges for the service are \$131.60 for each number to which 811 calls are to be routed and a central office activation charge of \$19.43 per switch. In addition, the customer will be assessed a charge of \$0.0084 for each call that is routed to the One Call notification system. All of these charges would be assessed on Arizona Blue Stake ("ABS") the One Call Center administrator for Arizona. In its cover letter attached to the proposed tariff revisions, Qwest stated that the proposed rates reflect Qwest's Total Service Long Run Incremental Cost ("TSLRIC") of providing the service. The Commission, in Decision No. 65047, approved Qwest's proposed 211, 311 and 511 Service tariffs; with the non-recurring and recurring rates set at Qwest's filed TSLRIC. During its review of the filing, Staff determined that the proposed rates for the service differ from the current rates for 211, 311 and 511 Service. Qwest provided Staff with additional information to support the proposed rates.

During the course of its evaluation of the filing, Staff was contacted by ABS. Essentially, ABS does not believe that it should be responsible for paying the cost of implementation of 811 Service. In its view, 811 Service is being implemented for the safety of the public. In addition, the service helps to keep telecommunications companies' facilities in service by reducing the possibility that their facilities may be cut. ABS also believes that because it must implement 811

¹ *In the Matter of The Use of N11 Codes and Other Abbreviated Dialing Arrangements*, Sixth Report and Order, CC Docket No. 92-105, (2005).

THE COMMISSION

March 21, 2006

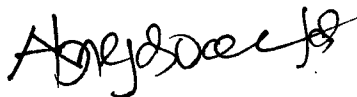
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dialing as a result of federal legislation, it should not be responsible for the costs of implementation of the dialing arrangement.

ABS also points out that recovery of 811 Service costs through charges assessed on it is not the least complex way to recover costs that it believes should be recovered from the public. Since the same people will pay whether there is a tariff or if the costs are absorbed by the telecommunications companies, ABS believes that the telephone companies should absorb the costs of implementation for administrative convenience and consistency among companies.

Staff has reviewed the filing and agrees with ABS that 811 dialing is being implemented for the safety of the public. In addition, the information that Qwest filed in support of its rates indicates that the total costs of implementation of 811 dialing are an extremely small portion of the total costs of providing the telecommunications service. Staff would also note that in all other instances where N11 dialing has been implemented in Arizona, telecommunications companies other than Qwest have implemented the dialing arrangement at no charge to the entity that benefits from its use. Staff would also note that the Commission approved 711 Service at no charge to the provider of the state Telecommunications Relay Service for the hearing-impaired.

Therefore, Staff recommends approval of the 811 Service with the charges for the service set at zero.


for Ernest G. Johnson
Director
Utilities Division

EGJ:WMS:lhmm\MAS

ORIGINATOR: Wilfred Shand, Jr.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 JEFF HATCH-MILLER
 Chairman
3 WILLIAM A. MUNDELL
 Commissioner
4 MARC SPITZER
 Commissioner
5 MIKE GLEASON
 Commissioner
6 KRISTIN K. MAYES
 Commissioner

7
8 IN THE MATTER OF IN THE MATTER OF)
9 THE APPLICATION OF QWEST)
10 CORPORATION FOR APPROVAL TO)
11 REVISE QWEST CORPORATION'S)
12 EXCHANGE AND NETWORK SERVICES)
13 PRICE CAP TARIFF TO INTRODUCE 811)
14 SERVICE)

DOCKET NO. T-01051B-05-0628

DECISION NO. _____

ORDER

14 Open Meeting
15 April 4 and 5, 2006
16 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. Qwest Corporation ("Qwest") is certificated to provide telecommunications service
19 as a public service corporation in the State of Arizona.

20 2. On August 29, 2005, Qwest filed tariff revisions to introduce 811 Service:

21 Exchange and Network Services Price Cap Tariff

22 Section 10, Pages 60 through 66, Release 1

23 3. The Federal Communications Commission ("FCC") has designated 811 as the
24 national abbreviated dialing code to be used by state One Call notification systems for providing
25 advance notice of excavation activities to underground facility operators.¹ The service provides
26

27 _____
28 ¹ *In the Matter of The Use of N11 Codes and Other Abbreviated Dialing Arrangements*, Sixth Report and Order, CC
Docket No. 92-105, (2005).

1 for the translation of "811" to a toll free or local telephone number so that the call can be routed to
2 the appropriate One Call notification center.

3 4. The FCC concluded that calls to One Call Centers using an abbreviated dialing
4 code must use 811 as the national abbreviated dialing code for providing advanced notice of
5 excavation activities to underground facility operators on or before April 13, 2007.

6 5. On September 30, 2005, the Commission, in Decision No. 68181, suspended the
7 filing for a period of ninety days.

8 6. The Commission suspended the filing for an additional period of 120 days on
9 December 9, 2005 in Decision No. 68332.

10 7. The proposed non-recurring charges for the service are \$131.60 for each number to
11 which 811 calls are to be routed and a central office activation charge of \$19.43 per switch. In
12 addition, the customer will be assessed a charge of \$0.0084 for each call that is routed to the One
13 Call notification system. All of the charges would be assessed on Arizona Blue Stake ("ABS"),
14 the One Call Center administrator for Arizona. In its cover letter attached to the proposed tariff
15 revisions, Qwest stated that the proposed rates reflect Qwest's Total Service Long Run
16 Incremental Cost (TSLRIC) of providing the service. The Commission, in Decision No. 65047,
17 approved Qwest's proposed 211, 311 and 511 Service tariffs; with the non-recurring and recurring
18 rates set at Qwest's filed TSLRIC. During its review of the filing, Staff determined that the
19 proposed rates for the service differ from the current rates for 211, 311 and 511 Service. Qwest
20 provided Staff with additional information to support the proposed rates.

21 8. During the course of its evaluation of the filing, Staff was contacted by ABS.
22 Essentially, ABS does not believe that it should be responsible for paying the cost of
23 implementation of 811 Service. In its view, 811 Service is being implemented for the safety of the
24 public. In addition, the service helps to keep telecommunications companies' facilities in service
25 by reducing the possibility that their facilities may be cut. ABS also believes that because it must
26 implement 811 dialing as a result of federal legislation, it should not be responsible for the costs of
27 implementation of the dialing arrangement.

28 ...

9. ABS also points out that recovery of 811 Service costs through charges assessed on it is not the least complex way to recover costs that it believes should be recovered from the public. Since the same people will pay whether there is a tariff or if the costs are absorbed by the telecommunications companies, ABS believes that the telephone companies should absorb the costs of implementation for administrative convenience and consistency among companies.

10. Staff has reviewed the filing and agrees with ABS that 811 dialing is being implemented for the safety of the public. In addition, the information that Qwest filed in support of its rates indicates that the total costs of implementation of 811 dialing are an extremely small portion of the total costs of providing the telecommunications service. Staff would also note that in all other instances where N11 dialing has been implemented in Arizona, telecommunications companies other than Qwest have implemented the dialing arrangement at no charge to the entity that benefits from its use. Staff would also note that the Commission approved 711 Service at no charge to the provider of the state Telecommunications Relay Service for the hearing-impaired.

11. Staff has recommended approval of the 811 Service with the charges for the service set at zero.

CONCLUSIONS OF LAW

1. Qwest is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Qwest and over the subject matter of the Application.

3. Approval of the filing will not result in an increase in rates as contemplated by A.R.S. 40-250.

4. The Commission, having reviewed the tariff pages (copies of which are contained in the Commission's tariff files) and Staff's Memorandum dated March 21, 2006 concludes that it is in the public interest to approve 811 Service with the charges for the service set at zero.

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ORDER

IT IS THEREFORE ORDERED that the tariff filing, with the charges for the service set at zero, be and hereby is approved.

IT IS FURTHER ORDERED this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2006.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:WMS:lm\MAS

Decision No. _____

1 SERVICE LIST FOR: Qwest Corporation
2 DOCKET NO. T-01051B-05-0628

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4 Regulatory Manager
5 Qwest Corporation
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8 Ms. Sandra Holmes
9 Executive Director
10 Arizona Blue Stake, Inc.
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13 Mr. Ernest G. Johnson
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